THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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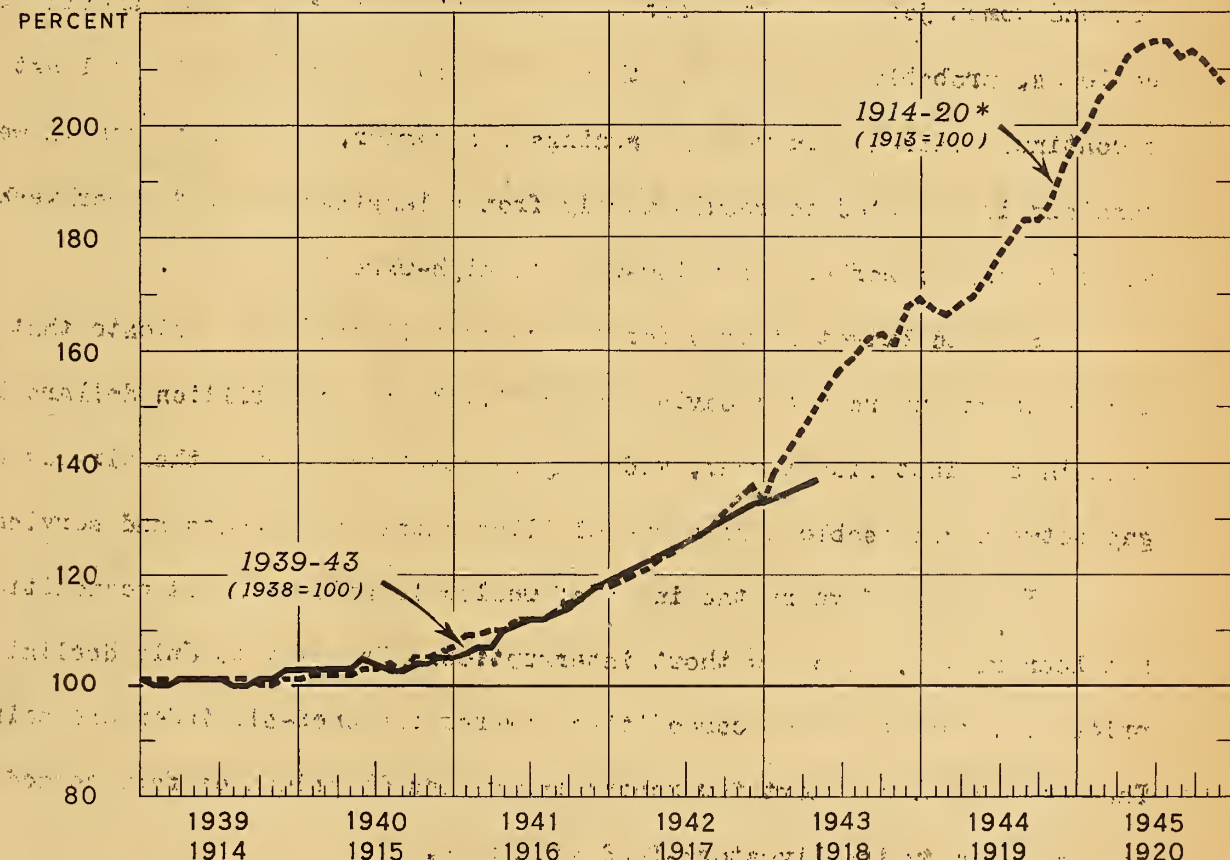
COMPOSITE WAGE RATES, INDEX NUMBERS, UNITED STATES, 1914-20, AND 1939-43



BASED ON DATA FROM FEDERAL RESERVE BANK OF NEW YORK. HOURLY EARNINGS OF INDUSTRIAL LABOR, WAGES OF FARM LABOR AND BUILDING TRADES, AND SALARIES OF TEACHERS AND CLERICAL EMPLOYEES
*ADJUSTED FOR SEASONAL VARIATION

U. S. DEPARTMENT OF AGRICULTURE NEG. 39901 BUREAU OF AGRICULTURAL ECONOMICS

Until recent months, wage rates had risen in World War II at about the same rate as in World War I. The rate of increase since the first of this year, however, has been much slower than the rapid rise which occurred in 1918.

SUMMARY

Consumer income during the remainder of this year is expected to continue to increase, but at a slower rate than in the first half of 1943 or in the second half of 1942. The rate of increase may not be much different from the average in the second quarter, which was just over 1 percent a month.

The effects on income of a slight decline in employment, as both men and women join the armed forces and as students return to schools and colleges, probably will be more than offset for several months at least by a continued increase in weekly earnings per worker. This increase in weekly earnings is expected to result mostly from a lengthening of the workweek and shifting of workers from low-wage to high-wage industries.

Revised budget figures for the current fiscal year indicate that income of consumers after paying taxes will be about 8 billion dollars larger than in the last fiscal year, widening by about one-fourth the already wide gap between disposable income and civilian supplies of goods and services.

For about 3 years the index of wholesale prices of all commodities has been rising, almost without interruption. From May to July declining prices for farm and food commodities lowered the over-all index one point. The outlook for the next few months for wholesale prices of farm commodities is dominated by the livestock-feed situation.

August 17, 1943

DEMAND

Income payments in June totaled 12,162 million dollars, 25 percent more than in June last year. The total for the first half year was 67.1 billion, 27 percent more than in the first 6 months of 1942, but this rate of increase is not likely to be continued into the second half year. The seasonally adjusted index of industrial production rose very rapidly in the second half of 1942, but has almost leveled off since February. With a declining civilian labor force, further increases in industrial production probably will be small.

Both the civilian labor force and total civilian employment probably have passed their wartime peaks. The labor force will be cut into by inductions into the armed forces and by the return of students to schools and colleges this fall. The tightening manpower situation and other basic production difficulties are reflected in the fact that dollar sales by manufacturers in the months from March to June failed to surpass the peak (on a daily average basis) reached in February. Construction activity has been declining since August 1942 and now amounts to about 60 percent as much as a year ago. A further decline is expected in the remainder of the year.

Counteracting the effects of declining total civilian employment, there is likely to be a continuation of the upward trend in weekly earnings per worker, partly because of a longer workweek, partly because of shifting from low-wage to high-wage jobs, and partly because of increases in basic wage rates in agriculture and in some industries where wage rates are now substandard. Except in those lines where the workweek is already very long, the average number of hours per week in manufacturing is still increasing, and a similar condition prevails in many, though not all, nonmanufacturing industries. Although the number of employees in nonagricultural establishments has been declining since last winter, the number of wage earners in heavy industries is still increasing. Correspondingly, there is a continuing reduction in total employment in the light manufacturing and service industries, where wages average much lower than in the heavy industries.

War expenditures by the Treasury and the Reconstruction Finance Corporation in July totaled 6,743 million dollars, more than a billion lower than the monthly record of 7,775 million set in June. The July war expenditures were also considerably lower than the monthly rate needed to reach the budget estimates of 100 billion dollars for war in the current fiscal year.

The President's summation of the 1944 budget estimated income payments as approaching 150 billion dollars in fiscal year 1944. This would be about 15 percent more than the 130 billion total for fiscal year 1943. The same message estimated that total receipts of the Federal Government from direct taxes on individuals will be almost 12 billion dollars larger in fiscal year 1944 than in the previous year; net revenue from other sources, mostly direct taxes on corporations, will be about 4 billion more. These estimates are based on present tax laws and may be altered by new legislation.

An increase of 20 billion dollars in income and of 12 billion in direct Federal taxes on individuals would give an increase of about 8 billion in disposable income of consumers. While this increase would be only about one-third of that which occurred from fiscal year 1942 to fiscal year 1943, it would widen by about one-fourth the already wide gap between disposable income and the supply of goods and services available for civilians.

The influence of part of the excess purchasing power can be postponed by selling Government bonds to individuals. (The third war loan drive, due to start September 9, will be directed more toward individuals and less toward banks than was the case with earlier bond-selling campaigns.) However, since Government bonds can be converted into cash, they constitute a reservoir of purchasing power which can be drawn on at any time. They are in this respect similar to savings deposits in banks. As long as current consumer income is

large enough to purchase all the goods currently available to consumers, the reserves of purchasing power now being built up will remain dormant; but they must be considered in analyzing future consumer demand.

Sales by retail stores in June totaled 5,228 million dollars, the largest for any month this year and 16 percent higher than in June 1942. In the first half year, sales amounted to 29.5 billion, 12 percent more than in the first half of 1942. The index of sales of all retail stores, seasonally adjusted and also adjusted to eliminate price changes, was 122.5 in June (1935-39 = 100), higher than in any of the preceding 3 months. In contrast, net sales of Series E savings bonds (total funds received from sales, minus original purchase price of bonds redeemed) were much smaller in June than in any previous month this year except February, when they were about the same as in June, 571 million dollars.

GENERAL PRICE LEVEL

The Bureau of Labor Statistics index of wholesale prices of all commodities declined from 104.1 in May to 103.8 in June and 103.1 in July (1936 = 100). In both June and July, lower prices for farm and food products more than offset a slight rise in the prices of other commodities. Most of the decline in wholesale prices of agricultural commodities in the past 2 months has been seasonal in character.

The outlook for wholesale prices of farm commodities is dominated by the livestock-feed situation. Effective July 31 the Office of Price Administration set price ceilings for 1943-crop oilmeals at levels $2.00 to $11.50 per ton above those prevailing for 1942-crop oilmeals. These advances in prices of high-protein meals will be reflected in higher prices for mixed feeds. The revisions in ceiling prices for oilmeals were necessitated by the announcement of a support price for 1943-crop cottonseed about $6.00 per ton higher than last year.

The OPA has also announced that revised ceiling prices for flour will be released August 20. It was pointed out by OPA, however, that some sort of subsidy probably would be paid in order to prevent a rise in the price of bread.

From mid-June to mid-July, the Bureau of Labor Statistics index of the urban cost of living dropped a full point — from 124.8 to 123.8 (1935-39 = 100). Lower prices for meats and fresh vegetables brought a 2-percent decline in food prices, more than offsetting an increase in clothing prices amounting to 0.5 percent. The fall in prices of meats was caused by the reduction in ceiling prices which accompanied subsidy payments to processors, while revised ceilings, increased commercial supplies, and competition from Victory gardens led to larger than normal declines in vegetable prices.

FARM INCOME AND PRICES

The index of prices received by farmers fell from 190 in June to 188 in July. Since mid-July the central market prices of agricultural commodities have not shown a clear trend either up or down. The parity index rose another point from June to July and now stands at 165 (1910-14 = 100).

Cash income from farm marketings for the entire period January to June 1943 rose to 7,802 million dollars. This was an increase of 35 percent over the income for the first half year in 1942 of 5,784 million dollars. Crops were up 45 percent and livestock 31 percent. Government payments totaled 400 million dollars for the first 6 months in 1943 as compared with 431 million dollars in the same period in 1942.

The income for June of 1,383 million dollars was down slightly more than seasonally from the 1,400 million dollars for May. The decline in the receipts from livestock and livestock products was less than usual, but there was a slight drop in income from crops rather than the customary increase. The income from food grains did not rise as much as it generally does and receipts from feed grains and hay were down sharply, largely due to the marked decrease in the sales of corn. The income from cotton was also unusually low.

With favorable growing conditions reported in most sections of the country during the past few weeks, it now looks as though income from crops this year might somewhat exceed last year's receipts. It is still expected that income from livestock in 1943 will be considerably greater than in 1942. Gross income in 1943 may be as much as 20 percent above 1942, and the increase in production expenses will probably be little more than half as great. This would indicate a possibility of a 25 to 30 percent increase in net income of farm operators.

COTTON

Consumption in 1942-43 totaled 11,098,513 bales or slightly less than the 1941-42 record of 11,170,106 bales. The carry-over on August 1 was 10,686,524 bales compared with 10,640,291 bales in 1942. Of these amounts foreign cotton comprised 87,778 bales and 135,422 bales, respectively, and American-Egyptian cotton, 36,541 bales and 24,859 bales, respectively.

On the basis of 10-year-average abandonment, the estimated production this season is 12,558,000 bales of 500 pounds gross weight or 4.8 percent above the 1938-42 average. This is equivalent to about 12.2 million running bales. Although this year's acreage of cotton in cultivation is 7.6 percent under the 1938-42 average and the smallest since 1894, the prospective yield is 279.4 pounds. This yield is 14 percent above the 1938-42 average and the highest on record, exceeding the previous record high of last season by nearly 7 pounds per acre.

The 1943 Government loan rate has been officially announced as 19.26 cents per pound, gross weight, for Middling 15/16-inch cotton. This compares with rates of 17.22 cents in 1942 and 14.22 cents in 1941.

WHEAT

A total wheat crop of 835 million bushels was indicated August 1. This is 44 million bushels above the indication of a month earlier and 96 million bushels above the 1932-41 average, but 146 million bushels below the large crop of last year. Winter wheat production was estimated at 534 million bushels and spring wheat at 301 million bushels, compared with 703 and 278

million bushels, respectively, for 1942. Production of all classes of wheat are below last year except hard red spring. The supply of soft red winter wheat is again below ordinary milling requirements; the estimated production of this class of wheat is 16 percent below last year and 33 percent below the 1932-41 average.

The carry-over of old wheat on July 1 was 618 million bushels, which, with the indicated crop of 835 million bushels, makes a total prospective supply without imports of 1,453 million bushels. Disappearance of domestic wheat in 1943-44 is expected to total about 1.2 billion bushels, consisting of the following approximate distribution, in million bushels: Food 535, seed 80, alcohol 150, feed 400, and exports and shipments 40. The quantity required for alcohol production will depend largely upon the extent to which the use of molasses for this purpose is increased. Feeding 400 million bushels assumes 120 million to be fed on farms where grown, 65 million purchased from the Commodity Credit Corporation prior to July 1, 1943, but not fed until after that date, and sales of 215 million owned by the Commodity Credit Corporation on July 1. The carry-over on June 30, 1944, is still expected to total about 250 million bushels, the increase in the crop estimate being expected to increase the quantity used for feed. Wheat imports by the Commodity Credit Corporation would be expected to supplement the quantity of domestic wheat for feed, but may continue to be limited by the tight shipping situation.

Market prices on August 17 were generally about 1 cent lower to 1 cent higher than a month earlier. An exception was the price at Portland, which was up 3 cents. Prices at this season of the year, because of heavy movement to market and hedging sales, are ordinarily expected to be weaker. This year, prices have not declined very much, a situation attributable to the following: (1) The crop is considerably smaller than likely disappearance, (2) open market sales of wheat for alcohol production since July 1, when sales by the Commodity Credit Corporation at corn parity prices were discontinued, and (3) Commodity Credit Corporation purchase of wheat at loan rates at Minneapolis and Omaha, where prices are below the loan level. Market prices were above the loan on August 17 as follows: Kansas City 2 cents, Portland 5 cents, and St. Louis 24 cents. At Minneapolis the price was 4 cents below the loan.

FATS, OILS, AND OILSEEDS

August 1 indications point to a 1943 crop of nearly 3 billion pounds of peanuts picked and threshed compared with about 2.2 billion pounds in 1942. Excellent yields per acre are expected in the Southeastern and Virginia-Carolina areas. Production of cottonseed in 1943 may be only slightly less than in 1942, as a smaller acreage in cotton is partially offset by an indicated yield per acre exceeding last year's record yield. The harvest of soybeans for beans may not be greatly different from a year earlier. Production of flaxseed is now forecast at 54.3 million bushels, nearly 14 million bushels above the 1942 figure. If these expectations are fulfilled and if utilization of the crops for purposes other than crushing does not increase materially over 1942-43, the output of oil from peanuts, cottonseed, soybeans, and flaxseed harvested in 1943 may surpass by 10 percent the 3,450 million pounds produced in 1942-43.

Production of fats and oils from domestic materials, including farm butter and inspected lard, in the first 6 months of 1943 totaled roughly 5,280 million pounds compared with 4,760 million pounds a year earlier. Outstanding changes were a decrease of 107 million pounds in the production of inedible tallow and greases and increases of 345 and 149 million pounds, respectively, in the output of soybean oil and lard. Total production of fats and oils from domestic materials in 1943 may be in the neighborhood of 10.9 billion pounds compared with 9.9 billion pounds in 1942.

Important features of the 1943-44 oilseed crushing program were announced by the War Food Administration and the Office of Price Administration in late July and early August. Support prices for cottonseed will be $55 and $56 per ton for basis-grade seed f.o.b. gin, $6 per ton higher than in 1942-43. Commodity Credit Corporation stands ready to buy on request, at or near ceiling prices, any cottonseed oil, meal, or linters produced by mills paying support prices for cottonseed. Detailed schedules of prices for farmers' stock peanuts were announced. Cleaners and shellers will be charged higher prices than those paid to farmers, but crushers will be charged lower prices. Maximum prices for oilmeals were advanced effective July 31. Increased prices for meal, together with higher prices for linseed oil than prevailed a year ago, will about compensate crushers for higher prices of oilseeds in 1943-44 than a year earlier.

CORN AND OTHER FEEDS

The supply of feed grains for 1943-44, including wheat and rye for feed, is now expected to total about 143 million tons on the basis of the August 1 crop report, a gain of 6 million tons over that indicated a month earlier. This is 11 million tons smaller than the 1942 record supply but 23 million tons larger than the 1937-41 average. The indicated increase during July resulted largely from favorable growing conditions in the Corn Belt, causing an increase of 168 million bushels in the indicated size of the corn crop. The August 1 indicated production of all hay was 99 million tons, 6 percent less than the record production in 1942. The 1943-44 supply of feed grains per grain-consuming animal unit is now expected to be about 15 percent less than a year ago, while the hay supply per hay-consuming animal unit may be about 5 percent less.

Ceiling prices for oilmeals and cakes produced from the 1943 oilseed crops were raised on July 31 to bring a more nearly normal relationship between prices of oilmeals and prices of other feeds and livestock products. In response to increased ceilings, soybean meal at Chicago rose $11.50 per ton in the week ended August 3, to $51.90 per ton, and cottonseed meal increased $10.50 at Memphis to $49.00 per ton.

Demand for feed wheat has continued strong with sales approximating a rate of 15 million bushels per week since sales were resumed July 13. Wheat owned by Commodity Credit Corporation on July 31, 1943, totaled 176 million bushels. Receipts of corn at primary markets have continued small, amounting to less than 4.5 million bushels for the 2-week period ended August 6, only 42 percent of the level of the corresponding period last year. While nearly all prices with ceilings remained at the permissible top levels, oats, barley, and grain sorghum prices, not yet covered by ceilings, advanced during the past month. The greatest increase in recent weeks has been in grain sorghum prices,

with No. 2 Yellow Milo at Kansas City advancing from a June average of \$2.43 per 100 pounds to \$3.06 on August 5. The price in August was more than double the November 1942 price of \$1.21 per 100 pounds and reflects the extremely strong demand of brewers, food and feed manufacturers, and poultrymen.

LIVESTOCK

The announcement on July 19 of a ceiling on live hogs early in August appears to have been instrumental in causing some advance in hog prices during the month. The price of 200-220 pound hogs at Chicago was quoted at \$14.74 for the week ended August 14 compared with \$13.94 for the week ended July 17. On August 13 a top of \$15.00 was reached.

The discount on heavy hogs has also become more severe. During the month of May the price of medium weight hogs (200-220 pounds) was only 4 cents higher than the price of heavy weight hogs (300-330 pounds) at Chicago. For the first week in July the difference was 17 cents in favor of the lighter hogs and by the second week in August the difference had increased to 68 cents. Hog slaughter under Federal inspection continued unusually large during July, showing a decline of only 4 percent from June as contrasted with a 1932-41 seasonal decline of 13 percent. This was an increase of 34 percent above the high level prevailing last year for plants reporting in both periods. It is expected that the slaughter for the balance of the year will continue to be larger because of the record spring pig crop produced this year.

The lamb crop was estimated at 31.1 million head, 5 percent smaller than it was last year. The reduction in the Western States was mainly in the number of lambs saved per 100 ewes and was attributed to a shortage of skilled labor at lambing time and to a lack of ammunition for use against coyotes. In the Native States the lambs saved per 100 ewes were also down from 99.0 last year to 96.0 this year. Slaughter of sheep and lambs under Federal inspection increased 25 percent from June and was 17 percent above last year's July record. Most of this increased slaughter was sheep, with little change in the slaughter of lambs and yearlings. Because of the smaller lamb crop it now appears that while slaughter during the last 4 months of 1943 will be heavy, it won't approach last year's record volume.

Cattle and calf slaughter under Federal inspection is still unusually low compared with numbers on farms. The slaughter of cattle has advanced from the low level prevailing in June but is 19 percent below last year at this time. Calf slaughter is even lower -- 27 percent below July 1942. Much of this decrease in federally inspected slaughter apparently is caused by the diversion of an increased proportion of the available supplies of cattle and calves to other types of slaughter. Receipts of cattle and calves at the 68 public stockyard markets were only 8.2 percent below a year ago for the first 7 months of this year contrasted with a 17 percent decline for all slaughter under Federal inspection. Cattle prices in general have remained about steady, though the price of feeders has declined.

DAIRY PRODUCTS

The War Food Administration, in accordance with its announced policy of adjusting to seasonal production the percentage of dairy products reserved for Government purchase, decreased the percentage of cheese and butter to be set

aside by manufacturers to 60 and 30 percent, respectively, in August and September and to 50 and 30 percent, respectively, in October. During May, June, and July, 70 percent of the cheese and 50 percent of the butter were required to be set aside for this purpose. A further reduction in the set-aside percentages is expected during the winter months. With the new percentages, amounts left for civilian consumption will be in line with the yearly allocation under the rationing programs.

Supplies of butter for civilian consumption continued short of demand under the ration program during July and early August, and trade reports indicate that most stores in Eastern areas have been limiting sales to customers. To assist in adjusting the demand to the limited supply, the value for butter under Ration Order 16 was increased from 8 points per pound to 10 points, effective August 1. Supplies of Cheddar cheese were acutely short on most markets and of brick and foreign types were somewhat short. Supplies of soft types of cheese appeared ample to meet the demand under the ration program.

Manufacturers' stocks of evaporated milk increased very rapidly during June and on July 1 were by far the largest on record for that date. Total butter stocks, including Government stocks and those set aside for Government purchase, also have been increasing rapidly and on August 1 were at a record level. Stocks of cheese have been increasing by more than the usual seasonal amount but continue below last year's level. These stocks will be needed to fill essential requirements during the winter months.

POULTRY AND EGGS

Farm marketings of chickens in the United States have increased considerably in recent weeks. In most markets in mid-August, supplies were about ample to meet demand at ceiling prices. In several instances prices of inferior quality birds were a little below the maximum levels established by the Office of Price Administration. Although receipts of dressed chickens have been much larger than they were a few weeks ago, they are somewhat smaller than a year ago. The reduction from a year earlier in dressed stock has been most pronounced in Eastern cities, but this has been offset in large part at least by larger receipts of live birds. Consumption of chicken in surplus sections of the central part of the country probably has been larger than a year ago.

The preliminary estimate of the number of chickens raised on farms this year is 926 million birds, 16.5 percent larger than the previous record in 1942. Hatchery production, mostly for commercial broilers, apparently is being maintained at a record level; the output in July was 52 percent larger than in July last year. Marketings of chickens in the remainder of 1943 will be considerably larger than the previous record established in 1942. Prices of dressed poultry, however, are likely to be close to ceiling levels in terminal markets and prices received by farmers will be considerably higher than a year earlier. In mid-July the United States average price received by farmers for chickens was 25.3 cents per pound compared with 18.7 cents in July 1942.

Egg production in July was 11 percent above the previous record for that month in 1942 but about one-third smaller than the April output, the seasonal peak for the year. In recent weeks the demand for eggs has been

exceeding market supplies at ceiling prices by an increasing degree, even though such prices are increased periodically. Egg production will decline seasonally until November but is very likely to continue larger than a year earlier through the remainder of 1943. The average price received by farmers for eggs increased from 35.2 cents per dozen in June to 36.3 cents in July compared with 29.5 cents in July last year.

On the basis of average relationships, an increase of 8 to 10 percent in number of layers on January 1, 1944, would be expected to follow the increase in chickens raised this year. The number of potential layers that farmers keep for 1944 will be influenced by the outcome of this year's feed crops and by any additional governmental action with respect to prices and supplies of feeds and the timing of any such action.

FRUITS

Deciduous tree-fruit and grape production in 1943 (basis August 1 indications) is expected to be about 17 percent smaller than in 1942 and 12 percent below the 10-year (1932-41) average. Prospective prune and grape crops are 12 percent and 11 percent larger, respectively, than in 1942, and August 1 conditions indicate a fig crop about the same as last year's. All other deciduous fruit crops are expected to be materially smaller than last season's. The indicated commercial apple crop is only 72 percent as large as that of 1942. Commercial production in all important apple States except California is indicated to be smaller than last season's. The crop in the South Atlantic States may be only about one-half that of a year ago. The greatest relative decrease is expected in the Delicious variety, and Wealthys are the only variety with a larger indicated production than last season. Peach, pear, and cherry production is indicated to be 36 percent, 22 percent, and 37 percent smaller, respectively, than in 1942.

Citrus production, in contrast to deciduous, may be about as large in 1943-44 as in 1942-43. August 1 conditions this year, compared with a year ago, were more favorable for California oranges, grapefruit, and lemons, but less favorable for Florida oranges and Florida and Texas grapefruit. If conditions for citrus production continue favorable, the total fruit supply in the 1943-44 season, citrus and deciduous, will be about 11 percent smaller than in 1942-43.

Carlot shipments of deciduous fruits from this season's production totaled 18,811 cars through August 7, or about three-fourths the number shipped as of the same date in 1942. Loadings per car are somewhat heavier this season but, even so, quantities shipped have been far below those of 1942. Apple, pear, plum, and prune shipments thus far have been larger than last year, and apricot and cherry shipments only slightly smaller. However, the number of cars of peaches and grapes shipped through August 7 was 43 percent and 58 percent, respectively, of the shipments last season through August 8. These smaller shipments are primarily the result of short crops, but certain restrictions also have been placed on shipments of peaches, pears, and grapes for fresh use in order to secure desired quantities of these fruits in processed form. These restrictions include: (1) Prohibition of the shipment of all Clingstone peaches, effective July 16, and Freestone peaches of varieties other than the Elberta, J. H. Hale and Rio Oso Gem, effective August 7, from a point within

the State of California to a point without the State of California. (2) Limitation on the shipment of Elberta peaches, effective August 9, from within the States of Oregon and Washington to a point without Oregon and Washington to 100 percent of such shipments in 1942. (3) Limitation on the shipment of pears of the Bartlett and Beurre Hardy varieties, effective April 1, from a point within California to a point without California to 100 percent of such shipments in 1942, and from a point within Washington and Oregon to a point without Washington and Oregon to 75 percent of such shipments in 1942. (4) Prohibition on the use of raisin variety grapes for purposes other than raisins in eight counties of California.

Prices for fruits generally continue at a level far above that of 1942. Auction prices on the New York market for the week ended July 31 this year, compared with the corresponding week last season, were 76 percent and 26 percent higher for Santa Rosa plums and Bartlett pears, respectively. Auction prices during the month of July this season averaged 40 percent higher for Northwest Bing cherries and 20 percent higher for California seedless grapes than in July 1942. New York wholesale prices of Yellow Transparent apples for the week ended July 31 were about twice as high this year as last. Citrus fruits continue to sell at ceiling levels.

TRUCK CROPS

Prices for vegetables for fresh market shipment generally declined during the second half of July and in early August. Wholesale prices on the New York market during the week ended August 7, compared with mid-July, were materially lower for 10 vegetables, slightly lower for 3, steady for 3, and up for 4. Lima beans, green snap beans, tomatoes, and watermelons declined sharply in price. Beet, celery, and onion prices remained steady, and the prices of spinach and kale advanced considerably.

The fresh market supply of commercial truck crops during the next few weeks is expected to continue smaller than in 1942. Lack of moisture and continuance of hot weather have reduced yields in many truck-crop areas, particularly in the Middle Atlantic States. Larger snap bean, beet, cabbage, carrot, eggplant, and tomato crops probably will be more than offset by somewhat smaller crops of lima beans, cauliflower, corn, lettuce, onions, spinach, and peppers, and much smaller crops of celery, cucumbers, cantaloups, and watermelons. Although shorter in supply than a year ago, lima beans, cauliflower, celery, onions, and peppers should be more plentiful during the next few weeks than they were in July.

The tonnage of truck crops for processing (basis of August 1 condition) probably will not vary greatly from that of last year. Indicated production this season, compared with last, is up 7 percent for snap beans, 8 percent for green peas, and 0.5 percent for sweet corn. The tomato crop for processing may be about 2 percent smaller than in 1942. An increase is indicated for beets and no change for spinach, but the tonnage of cabbage for kraut, cucumbers for pickles, lima beans, and pimientos is expected to be smaller than last year's.

In July, maximum ceiling prices on canned corn, tomatoes, peas, snap beans, and spinach were revised in considerable detail. Specific maximum

prices were established for asparagus and mustard and turnip greens. Formulas also were set up for the pricing of the minor canned vegetables, tomato products, mixed vegetables, and mixed vegetable juices. Retail prices to the civilian consumer for the 1943 corn, pea, snap bean, tomato, and tomato-product packs are expected to remain at about the 1942-43 marketing season level.

DRY EDIBLE BEANS

A record crop of approximately 22.8 million bags of dry edible beans is in prospect for 1943 -- a crop 16 percent larger than in 1942 and 59 percent larger than the 10-year (1932-41) average. The 1943 planted acreage is almost one-third larger than last season's, but the indicated yield this year is 899 pounds per acre, or 96 pounds less than the high yield of 1942. Prices for dry beans continue at ceiling levels.

POTATOES AND SWEETPOTATOES

August 1 prospects indicate a potato crop of approximately 443.1 million bushels -- 19 percent larger than last year's crop and 2 percent larger than indicated a month earlier. Since July 1, prospects have improved somewhat in the Eastern and Central surplus late potato States, but have become slightly less favorable in Idaho, Nebraska, Ohio, Illinois, and some of the minor potato-producing States. The indicated average yield in 1943 for the United States as a whole is 131.7 bushels per acre, or 5.2 bushels smaller than in 1942.

Prices for potatoes continue below ceiling levels (ceilings in August vary from about $1.38 per bushel to $1.71 per bushel, U. S. No. 1 grade, sacked and loaded on carrier, f.o.b. country shipping point) with some sales being made to the Government at support prices. Such Government purchases totaled 6,673 cars through August 14. Approximately as of that date, the War Food Administration reports, 407 cars of these purchases had been sold through normal market channels. About 4,800 cars had been diverted to processors (for canning, dehydrating, or starch) and to State institutions; and it was planned to divert the remainder similarly.

A sweetpotato crop of approximately 81.3 million bushels is indicated for 1943. This sized crop would be 24 percent larger than last year's and 17 percent above the 10-year (1932-41) average. Prospective production is about 2 percent smaller than was indicated a month ago, primarily because of less favorable conditions in Maryland, Virginia, North Carolina, Tennessee, Mississippi, Arkansas, Oklahoma, and Texas.

Shipments of new sweetpotatoes from Florida, Alabama, and Louisiana have reached sizable volume. Prices have declined materially from the June peak, but remain far above those of a year ago.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUSTRIAL PRODUCTION[1]	FACTORY EMPLOYMENT[2]	FACTORY PAY ROLLS[3]	INCOME OF INDUSTRIAL WORKERS[4]	CASH INCOME FROM FARM MARKETINGS[5]	WHOLESALE PRICES OF ALL COMMODITIES[6]	RETAIL FOOD PRICES[7]	COST OF LIVING URBAN[8]	PRICES RECEIVED BY FARMERS[9]	PRICES PAID BY FARMERS[10]	PRICES PAID BY FARMERS, INTEREST AND TAXES[10]	RATIO OF PRICES RECEIVED TO PRICES PAID INCL. INTEREST AND TAXES
Base period	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1910-14*	*1910-14*	*1910-14*	*1910-14*
1929	110	108	127	134	142	118	133	122	146	154	167	87
1930	91	94	103	110	113	107	126	119	126	146	160	79
1931	75	80	78	84	80	91	104	109	87	126	142	61
1932	58	68	54	58	59	80	86	98	65	108	124	52
1933	69	75	58	61	67	82	84	92	70	108	120	58
1934	75	88	74	76	79	93	94	96	90	122	129	70
1935	87	93	86	86	89	99	100	98	108	125	130	83
1936	103	101	99	100	105	100	101	99	114	124	128	89
1937	113	111	118	117	111	107	105	103	121	131	134	90
1938	89	93	91	91	96	98	98	101	95	123	127	75
1939	108	102	106	105	99	96	95	99	93	121	125	74
1940	123	110	122	119	105	98	97	100	98	122	126	78
1941	156	135	178	169	141	108	105	105	122	131	138	92
1942	181	155	258	238	188	123	124	116	157	152	151	104
1942-												
July	178	156	258	240	192	122	125	117	154	153	152	101
Aug.	183	158	271	250	204	123	126	118	163	153	152	107
Sept.	187	160	279	256	208	124	127	118	163	154	153	107
Oct.	191	162	288	262	211	124	130	119	169	155	154	110
Nov.	195	164	298	271	224	124	131	120	169	156	155	109
Dec.	197	168	306	278	226	125	133	120	178	158	156	114
1943-												
Jan.	199	171	310	281	224	126	133	121	182	160	157	116
Feb.	202	171	316	287	240	127	134	121	178	162	159	112
Mar.	202	172	324	295	260	128	137	123	182	163	160	114
Apr.	203	172	329	301	261	129	141	124	185	165	162	114
May	203	172	334	303	258	129	143	125	187	167	163	115
June[11]	201	173	--	--	256	129	142	124	190	168	164	116
July[11]	204	--	--	--	--	128	139	124	188	169	165	114

[1]Federal Reserve Board, adjusted for seasonal variation.

[2]Based on Bureau of Labor Statistics data, adjusted for seasonal variation (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).

[3]Based on Bureau of Labor Statistics data. Seasonal fluctuations in factory pay rolls appear to have been largely eliminated since the United States entered the war, accordingly no adjustments for seasonal variation have been made since December 1941.

[4]Includes factory, railroad, and mining employees. Not adjusted for seasonal variation; see footnote 3.

[5]Adjusted for seasonal variation.

[6]Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

[7]Bureau of Labor Statistics.

[8]Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

[9]August 1909-July 1914 = 100.

[10]Annual figures are straight averages of 12 monthly indexes, 1923-41. Revised July 1943.

[11]Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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